



Arnold Schwarzenegger  
Governor

August 19, 2010  
22M:393:mem:1074

Mr. David Lundberg, Director  
Santa Cruz County Workforce Investment Board  
1000 Emeline Avenue  
Santa Cruz, CA 95060

Dear Mr. Lundberg:

AMERICAN RECOVERY AND REINVESTMENT ACT  
PROGRAM REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2009-10

This is to inform you of the results of our review for Program Year (PY) 2009-10 of the Santa Cruz County Local Workforce Investment Area's (Santa Cruz County LWIA) activities funded by the American Recovery and Reinvestment Act of 2009 (ARRA). We focused this review on the following areas: program administration, local level monitoring, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and program operations including ARRA activities and participant eligibility.

This review was conducted by Ms. Molly Maloney from January 4, 2010, through January 7, 2010.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by Santa Cruz County LWIA with applicable federal and state laws, regulations, policies, and directives related to the ARRA grant.

We collected the information for this report through interviews with Santa Cruz County LWIA representatives, service provider staff, and ARRA participants. In addition, this report includes the results of our review of selected case files, Santa Cruz County LWIA's response to Sections I and II of the ARRA Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2009-10.

We received your response to our draft report on August 6, 2010, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed the concern cited in the draft report, no further action is required and we consider the issue resolved.

### **BACKGROUND**

For PY 2009-10, Santa Cruz County LWIA was allocated: \$1,042,341 to serve 315 adult participants; \$1,219,689 to serve 239 youth participants; and \$1,231,268 to serve 332 dislocated worker participants.

For the quarter ending December 31, 2009, Santa Cruz County LWIA reported the following expenditures for its ARRA funded activities: \$243,340 for adult participants; \$346,100 for youth participants; and \$511,131 for dislocated worker participants. In addition, Santa Cruz County LWIA reported the following enrollments: 72 adult participants; 46 youth participants; and 121 dislocated worker participants. We reviewed case files for 44 of the 193 participants enrolled in ARRA funded activities as of December 31, 2009.

### **PROGRAM REVIEW RESULTS**

We concluded that, overall, Santa Cruz County LWIA is meeting applicable ARRA requirements concerning its program operations.

We identified a condition that may become a compliance issue if not addressed. Specifically, participant services are not consistently reported to the state. For example, two of forty-four case files reviewed had no Individual Employment Plan (IEP); however, an IEP was reported to the Job Training Automation System (JTA). Four of forty-four case files reviewed had an IEP; however, an IEP was not reported to JTA. During and subsequent to the review, the Santa Cruz LWIA worked with staff to review case files for this problem and to correct where necessary. We suggested that the Santa Cruz LWIA verify that current and new staff are trained so that all participant services are reported to the state in a timely manner and that all services reported for current participants reflect the documentation in their case files.

In its response, Santa Cruz County LWIA stated that they fully intend to implement the suggestion. The Santa Cruz County LWIA has conducted in-service and one-to-one training for all existing and new staff that enters data in JTA for WIA customers. The Santa Cruz County LWIA's response adequately addressed our concerns and no further action is necessary.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is Santa Cruz County LWIA's responsibility to ensure that its systems, programs, and

Mr. David Lundberg

-3-

August 19, 2010

related activities comply with the ARRA grant program, federal and state regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain Santa Cruz County LWIA's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar".

JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Office

cc: Jose Luis Marquez, MIC 50  
Dathan O. Moore, MIC 50  
Doug Orlando, MIC 50  
Daniel Patterson, MIC 45